NORTHWEST OHIO COMMUNITY SHARES, INC. (A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

June 30, 2014 and 2013

Laura J. MacDonald, CPA, Inc. 135 North Broadway Medina, Ohio 44256

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Northwest Ohio Community Shares, Inc. Toledo, Ohio

I have audited the accompanying financial statements of Northwest Ohio Community Shares, Inc. (a non-profit organization) which comprise the Statements of Financial Position as of June 30, 2014 and 2013, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related Notes to the Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Ohio Community Shares, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Medina, Ohio

November 30, 2014

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENTS OF FINANCIAL POSITION June 30, 2014 and 2013

	2014		2013		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$	96,121	\$	86,223	
Campaign pledges receivable, net of shrinkage allowance					
of \$8,130 and \$7,795 in 2014 and 2013, respectively		90,472		97,396	
Prepaid expenses		574		835	
TOTAL CURRENT ASSETS		187,167		184,454	
OTHER ASSETS					
Deposits		320		320	
TOTAL ASSETS	\$	187,487	\$	184,774	
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Campaign distributions payable	\$	150,904	\$	151,615	
NET ASSETS					
Unrestricted		30,599		25,930	
Temporarily restricted		5,984		7,229	
Permanently restricted					
TOTAL NET ASSETS		36,583		33,159	
TOTAL LIABILITIES AND NET ASSETS	\$	187,487	\$	184,774	

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENTS OF ACTIVITIES Years Ended June 30, 2014 and 2013

2014 Temporarily Unrestricted Restricted Total SUPPORT AND REVENUES Campaign pledges: Amounts raised on behalf of member organizations 183,519 \$ \$ 183,519 Less: amounts remitted and remittable to member organizations (144,410)(144,410)Less: amounts designated to Community Shares (5,984)(5,984)Less: shrinkage expense (3,355)(3,355)Campaign management fee revenue 29,770 29,770 Other revenues: Pledge designations to Community Shares 5,984 5,984 Pledge designations released from restriction 7,229 (7,229)Fundraising, net of \$7,299 and \$7,258 in expenses 20,711 20,711 for 2014 and 2013, respectively Membership dues and fees 7,700 7,700 Contributions 3,451 3,451 Interest income 117 117 Miscellaneous income 1,186 1,186 TOTAL OTHER REVENUES 40,394 (1,245)39,149 TOTAL SUPPORT AND REVENUES 70,164 (1,245)68,919 **EXPENSES** 52,415 Program expenses 52,415 Fundraising expenses 6,540 6,540 Management and general expenses 6,540 6,540 TOTAL EXPENSES 65,495 65,495 INCREASE (DECREASE) IN NET ASSETS 4,669 (1,245)3,424 NET ASSETS AT BEGINNING OF YEAR 25,930 7,229 33,159 NET ASSETS AT END OF YEAR 30,599 5,984 36,583 \$

Ur	restricted	Temporarily Restricted			Total			
01			Julietea	- <u></u> -	20002			
\$	185,891	\$	-	\$	185,8	91		
	(142,037)				(142,0	37)		
	(7,229)		-		(7,2	29)		
	(8,662)		<u></u>		(8,6	62)		
	27,963		-		27,9	63		
	-		7,229		7,2	29		
	6,151		(6,151)			-		
	21,712		-		21,7	12		
	8,210		_		8,2	10		
	4,895		-		4,8			
	102		-		1	.02		
	27		_			27		
	41,097		1,078		42,1	75		
	69,060		1,078		70,1	38		
	53,235		_		53,2	35		
	6,654		_		6,6			
	6,654		-		6,6			
	66,543		_	. <u></u>	66,5	43		
	2,517		1,078		3,5	95		
	23,413		6,151		29,5	64		
\$	25,930	\$	7,229		33,1	.59		

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2014

	MANAGE- MENT							
	PROGRAM ACTIVITIES		FUND- RAISING		AND GENERAL		TOTAL	
					113211111			
Salaries	\$ 30,858	\$	3,857	\$	3,857	\$	38,572	
Payroll taxes	2,563		320		320		3,203	
Employee benefits	2,203		275		275		2,753	
Office expenses	4,564		571		571		5,706	
Consultants	3,669		459		459		4,587	
Occupancy	3,072		384		384		3,840	
Campaign expenses	2,258		282		282		2,822	
Travel	1,330		166		166		1,662	
Insurance	1,328		166		166		1,660	
Dues and subscriptions	475		60		60		595	
Miscellaneous	 95						95	
	\$ 52,415	\$	6,540	\$	6,540	\$	65,495	

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2013

	PROGRAM ACTIVITIES		FUND- RAISING		MANAGE- MENT AND GENERAL		TOTAL	
Salaries	\$	29,109	\$	3,639	\$	3,639	\$	36,387
Payroll taxes		2,257		282		282		2,821
Employee benefits		1,346		168		168		1,682
Office expenses		5,045		630		631		6,306
Consultants		7,172		897		897		8,966
Occupancy		3,073		384		384		3,841
Campaign expenses		3,011		376		376		3,763
Travel		739		92		92		923
Insurance		947		119		118		1,184
Dues and subscriptions		536	-	67	<u> </u>	67		670
	\$	53,235	\$	6,654	\$	6,654	\$	66,543

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENTS OF CASH FLOWS Years Ended June 30, 2014 and 2013

	2014	2013		
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase in net assets	\$ 3,424	\$	3,595	
Adjustments to reconcile increase in net assets				
to net cash provided by operating activities				
(Increase) decrease in assets:				
Campaign pledges receivable	6,924		(9,647)	
Prepaid expenses	261		549	
Deposits	-		80	
Increase in liabilities:				
Accounts payable	-		(544)	
Campaign distributions payable	 (711)		13,864	
NET CASH PROVIDED BY				
OPERATING ACTIVITIES	9,898		7,897	
CASH AND CASH EQUIVALENTS				
AT BEGINNING OF YEAR	 86,223		78,326	
CASH AND CASH EQUIVALENTS				
AT END OF YEAR	\$ 96,121	\$	86,223	

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwest Ohio Community Shares, Inc. (Community Shares) (the Organization) is a non-profit Organization founded in 1997 in Toledo, Ohio. Community Shares is Northwest Ohio's only workplace giving federation with a focus on social justice, health and human services, animal rights, the arts and the environment. The Organization was established for the purpose of promoting workplace giving through member nonprofit organizations. Revenues consist primarily of contributions, fundraising revenue, membership dues and campaign management fees.

Accounting Basis

The accompanying financial statements have been prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America, as prescribed in the American Institute of Certified Public Accountants' Audit and Accounting Guide: <u>Not-For-Profit Entities</u>. The following information summarizes the accounting basis:

Financial Statement Presentation

Community Shares classifies net assets, revenues, gains and other support and expenses based on the existence or absence of donor imposed restrictions. Accordingly, net assets and the changes therein are classified and reported in three categories, as follows:

Unrestricted Net Assets

Unrestricted net assets are either not subject to donor-imposed stipulations or are subject to such restrictions but those restrictions have been met in the same fiscal period that the revenue is recorded.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As of June 30, 2014 and 2013, temporarily restricted net assets totaled \$5,984 and \$7,229, respectively.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Organization. As of June 30, 2014 and 2013, the Organization had no permanently restricted net assets.

Campaign Pledges Receivable

Workplace giving campaigns are conducted in the fall of each year and the related pledges are typically paid in the subsequent calendar year. Campaign pledges receivable are classified as unconditional promises and are recorded when the pledge is made, less an allowance for shrinkage.

Community Shares uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on previous pledge shrinkage analysis and management's evaluation of specific pledges recognized as revenue in the current year.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are accounted for in accordance with FASB ASC 958-605-2. FASB ASC 958-605-2 requires that contributions are recognized when a donor makes a pledge to give that is, in substance, unconditional. Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Campaign Revenue Raised on Behalf of Member Organizations

Campaign revenue raised on behalf of member organizations is distributed to those member agencies, net of administrative fees and shrinkage allowances. In accordance with FASB ASC 958-20 revenues raised for member agencies are reflected as campaign distributions payable in the accompanying Statements of Financial Position.

In accordance with the by-laws of Community Shares, a minimum of 80% of designated campaign pledge receipts are allocated to eligible member agencies each campaign year. Member agencies are also eligible to receive an allocation of undesignated campaign receipts through governance participation. The Organization makes its final determination of distributions payable to member agencies when the campaign giving period has officially ended. This determination is based on actual pledges collected.

Membership Fees

Membership fees are recognized as revenue when earned. Membership fees are payable by July 1^{st} each year for the fiscal year ended June 30^{th} of the subsequent year.

Statements of Cash Flows -

The Statements of Cash Flows are presented in accordance with FASB ASC 230. The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. As of June 30, 2014 and 2013 cash equivalents totaled \$91,370 and \$85,616, respectively, and consists of money market funds. There were no cash payments for interest or income taxes during the years ended June 30, 2014 and 2013.

In-kind Contributions

Community Shares recognizes in-kind contributions of services in accordance with the recognition guidelines outlined in FASB ASC 855-10-50.

In-kind contributions of services are recognized as revenue in the financial statements if the services received (a) create or enhance nonfinancial assets (primarily property or other tangible or

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions (Continued)

intangible assets) or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet this criteria, and promises to give such services, are not recognized. Although Community Shares operates with the help of many volunteers, no amounts have been reflected in the financial statements for contributed services based on these criteria.

Use of Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. Actual results could differ from those estimates.

Certain accounting policies require a higher level of judgement thant others in their application. In the case of Northwest Ohio Community Shares, Inc., such policies include the valuation of campaign pledge receivables.

Income Taxes

Community Shares is a private, non-profit organization, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. None of the Organizations present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the provisions of FASB ASC 740-10-25, <u>Accounting for Uncertainty in Income Taxes</u>, that requires the disclosure of uncertain tax positions. There have been no interest or penalties recognized in the Statements of Financial Position or in the Statements of Activities relating to uncertain tax positions. Additionally, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months. The Organization evaluates uncertain tax positions, if any, on a continual basis.

The Organizations's federal tax returns are generally subject to examination by the IRS for three years after they are filed.

Functional Allocation of Expenses

The costs of administering a workplace giving federation and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between program expenses, fundraising expenses and management and general expenses using various allocation methods which attempt to allocate the costs equitably in relation to the benefits provided.

Disclosure of Subsequent Events

The Organization is required to disclose the date through which subsequent events have been evaluated, in accordance with the requirements of FASB ASC Paragraph 855-10-50-1. The Organization has evaluated all subsequent events through the date the accompanying financial statements were available to be issued (November 30, 2014) for proper accounting and disclosure in the accompanying financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain balances in the June 30, 2013 financial statements have been reclassified to conform with the 2014 presentation.

NOTE 2 - CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable as of June 30, 2014 and 2013 result from the 2013 and 2012 fall workplace giving campaigns, respectively. All such pledges are classified as unconditional promises and are due in less than one year.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets totaled \$5,984 and \$7,229 as of June 30, 2014 and 2013 respectively, and represent pledges designated for Community Shares resulting from the 2013 and 2012 campaigns. During the years ended June 30, 2014 and 2013, net assets released from temporary restrictions totaled \$7,229 and \$6,151 and represent pledges received from the 2012 and 2011 campaigns, respectively.

NOTE 4 – EFFECT OF ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends on workplace contributions for a significant portion of its revenue. The ability of the Organization's contributors to continue giving amounts comparable with prior years is dependent on future economic conditions.

NOTE 5 – CAMPAIGN MANAGEMENT FEE

The Organization charges a management fee to support its operations. During the years ended June 30, 2014 and 2013, the campaign management fee (charged to administer the 2013 and 2012 campaigns) was set at 15% of contributions.

NOTE 6 – LEASE COMMITMENTS

The Organization leases office space on a month to month basis. Rent expense for the years ended June 30, 2014 and 2013 totaled \$3,840 and \$3,841, respectively.